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APPENDIX C

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) Historical Perspective (1982-82 = 100)

Year	Average Index	Year	Average Index	Year	Average Index
1913	9.9	1945	18.0	1977	60.6
1914	10.0	1946	19.5	1978	65.2
1915	10.1	1947	22.3	1979	72.6
1916	10.9	1948	24.1	1980	82.4
1917	12.8	1949	23.8	1981	90.9
1918	15.1	1950	24.1	1982	96.5
1919	17.3	1951	26.0	1983	99.6
1920	20.0	1952	26.5	1984	103.9
1921	17.9	1953	26.7	1985	107.6
1922	16.8	1954	26.9	1986	109.6
1923	17.1	1955	26.8	1987	113.6
1924	17.1	1956	27.2	1988	118.3
1925	17.5	1957	28.1	1989	124.0
1926	17.7	1958	28.9	1990	130.7
1927	17.4	1959	29.1	1991	136.2
1928	17.1	1960	29.8	1992	140.3
1929	17.1	1961	30.0	1993	144.6
1930	16.7	1962	30.4	1994	148.3
1931	15.2	1963	30.9	1995	152.5
1932	13.7	1964	31.2	1996	157.0
1933	13.0	1965	32.8		
1934	13.4	1966	32.9		
1935	13.7	1967	33.9		
1936	13.9	1968	35.5		
1937	14.4	1969	37.7		
1938	14.1	1970	38.8		
1939	13.9	1971	40.5		
1940	14.0	1972	41.8		
1941	14.7	1973	44.4		
1942	16.3	1974	49.3		
1943	17.3	1975	53.8		
1944	17.6	1976	56.9		

SOURCES: U.S. Bureau of Statistics and Montana Department of Labor and Industry.

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APPENDIX D

GLOSSARY OF TERMS

This section contains definitions of terms used in this Manual and additional terms necessary to understand financial accounting procedures for school districts. Several terms which are not primarily financial accounting terms have been included because of their significance in school district financial accounting. The glossary is arranged alphabetically with appropriate cross-references where necessary.

Abatement A complete or partial cancellation of a levy imposed by a government unit. Abatement usually applies to tax levies, special assessments and service charges.

Abatement of Expenditures A reduction of a previously recorded expenditure item or portion of an expenditure item. Usually results from goods or materials purchased which are of a quality other than expected, for which refunds or allowances are made to the district by the vendor. Abatements result in reduction of expenditures only when they occur during the same fiscal year as the expenditure; after that year, abatements become sources of revenue to the fund.

Abatement of Revenues A reduction of a previously recorded revenue item or portion of a revenue item. Usually results from the necessity to refund federal grant money, refund lunch ticket receipts, etc.

Accredited Officially approved as meeting the basic standards prescribed by the Board of Public Education. A condition prerequisite to eligibility for state equalization aid (20-7-102 and 20-9-311).

Account A descriptive heading under which financial transactions relating to the specific asset, liability, fund balance, revenue, expenditure or budgetary item are recorded.

Account Group A self-balancing set of accounts contained in the school district's accounting system. See General Long-Term Account Debt Group, and General Fixed Assets Account Group.

Accountability The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals.

Accounting Acronym A word formed from the initial letters of a financial accounting principle, standard, account, board, organization, legislative act, etc. The following acronyms are commonly used in governmental accounting and are explained individually throughout this glossary:

AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
ASBO	Association of School Business Officials
CAFR	Comprehensive Annual Financial Report
CPI	Consumer Price Index
FASB	Financial Accounting Standards Board
GASB	Governmental Accounting Standards Board
GAAFR	Governmental Accounting, Auditing, and Financial Reporting
GFAAG	February 2000 Appendix D D-1General Fixed Asset Account Group
GLTDAG	General Long-Term Debt Account Group
GAAP	Generally Accepted Accounting Principles

GLOSSARY (Cont'd)

GAAS	Generally Accepted Auditing Standards
GPFS	General Purpose Financial Statements
IGFA	Investments in General Fixed Assets
MFOA	Municipal Finance Officers Association
NCGA	National Council on Governmental Accounting
RAN	Revenue Anticipation Note

Accounting Period A period of time for which financial records are maintained and at the end of which financial statements are usually prepared; for example, July 1 to June 30. Also see Fiscal Period.

Accounting Principles Board (APB) Founded in 1959 by the AICPA to establish accounting principles. Was replaced by the FASB in 1973.

Accounting Procedure The arrangement of all processes which discover, record and summarize financial information to produce financial statements, reports and to provide internal control.

Accounting System The total mechanism of records and procedures which discover, record, classify and report information on the financial position and operations of a governmental unit or any of its funds, balanced account groups and organizational components.

Accounts Payable Liabilities or amounts owed on open account to private persons, firms, corporations for goods and/or services received by a school district (but not including amounts due to other funds of the same district or to other governmental units).

Accounts Receivable Amounts owed to the school district by private persons, firms, or others on open account (but not including amounts due from other funds of the same district or from other governmental units). NOTE: although taxes receivable are covered by this term, they should be recorded separately in the Taxes Receivable accounts.

Accrual Basis The basis of accounting under which revenues are recorded when earned, and expenditures are recorded when liabilities are incurred for benefits received, regardless of when cash payment is made or cash income is actually received. See also Accrual Basis - Modified.

Accrual Bases Expenditures Expenditures during a given fiscal period for liabilities incurred, whether paid or unpaid.

Accrual Basis - Modified As prescribed in this manual: (1) Revenues are recorded when they become both available and measurable to finance expenditures of the current period. (2) Expenditures are recorded when a liability is incurred. (3) Accounts are provided to record liabilities, encumber appropriations and establish controls over receivables.

Accrued Expenditures Expenditures incurred during the current accounting period for which payment is not made until a subsequent accounting period. Also see Accrued Liabilities and Accrual Basis.

Accrued Interest Payable Liability for amount of interest at the balance sheet date (June 30) which is owed but not due to be paid until a later date.

Accrued Liabilities Amounts owed but not yet paid for services performed or goods received during the current accounting period.

GLOSSARY (Cont'd)

Accrued Revenue Revenue earned during the current accounting period but which will not be collected until the following accounting period, and which is recorded in the current accounting period as revenue.

Accrued Salaries A liability for wages and salaries earned by employees between the last payment date and the end of the accounting period but which are not yet paid.

Accumulated Depreciation See Allowance for Depreciation.

Actuarial Basis Assumptions used to compute the amount to be paid or collected periodically so that the amount plus interest will total a required balance by the end of a certain period of time. Most often used in determining retirement contributions and insurance premiums.

Addition Part or added feature which increases the function or adds value or capacity to a fixed asset without redesigning the basic function of the equipment.

Ad Valorem In proportion to value. A basis for levy of property taxes.

Administration Those activities which have as their purpose the general regulation, direction and control of the affairs of the school district that are system-wide and not confined to one school, subject or narrow phase of school activity.

Adult Education Instruction of persons 16 years of age or older who are not regularly enrolled, full-time pupils for the purpose of ANB calculations.

Adult Basic Education Instruction in basic skills such as reading, writing, arithmetic, and other skills required to function in society offered to persons 16 years of age or older who are not regularly enrolled, full-time pupils for the purposes of ANB computation. May include any subject offered in the basic curricula of an accredited elementary or secondary school. State funds for Adult Basic Education programs are deposited in the Adult Education Fund (17). Federal funds for Adult Basic Education programs are deposited in the Miscellaneous Programs Fund (15).

Adult/Continuing Education Instruction designed to develop knowledge and skills to meet immediate and long-range educational objectives for adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning, prepare for a post-secondary career, prepare for post-secondary education programs, upgrade occupational competencies, prepare for new or different careers, develop skills and appreciations for special interests, or enrich the aesthetic qualities of life. Adult/Continuing Education programs are recorded in the Adult Education Fund (17).

Advance Refunding Bonds Bonds issued for the purpose of repaying bonds which will mature one year or more from the date of the advance refunding bonds. Also see Refunding Bonds.

Agency Fund Fund consisting of resources received and held as an agent for others. Sometimes used to hold monies for funds before distribution, such as a payroll clearing account.

Agent One who represents, acts for, and accounts to another.

Attorney General's Opinion (A.G.O.) Official opinions of the Attorney General of Montana, which are effective as law until the issue is decided in court.

GLOSSARY (Cont'd)

Allocation Amount allocated, or designated, for a specific use.

Allowable Costs for Special Education Cost for special education which are specified by law as eligible for state funding and approved by the Superintendent of Public Instruction (20-7-431, 20-9-321).

Allowance for Depreciation Proprietary or trust fund account in which the periodic cost of the related asset which has been charged as depreciation expense is accumulated. It is a contra-asset account. Also called "Accumulated Depreciation."

Allowance for Uncollectible Taxes Account in which the amount of taxes estimated to be uncollectible is recorded. The balance of this account is shown as a deduction from the Taxes Receivable account to which it relates on the Balance Sheet.

American Institute of Certified Public Accountants (AICPA) Professional association of certified public accountants.

Amortization (of Debt) (1) Gradual reduction of an amount owed according to a specified schedule of times and amounts of expenditure recognition. (2) Provision for payment of debt.

Amount Available in the Sick Leave Reserve and Debt Service Fund An account in the General Long-Term Debt Account Group which designates the amount of assets available for the payment of termination sick leave pay or the retirement of bonds. The balance in this account should equal the fund balance in the Debt Service and Sick Leave Reserve Funds.

Amount to be Provided for Debt Service An account in the General Long-Term Debt Account Group which represents the amount to be provided from taxes or other revenues to retire outstanding general long-term debt.

ANB Average Number Belonging. A number which reflects the average school membership less full time special education students. ANB is used primarily for funding purposes.

Appropriation Maximum expenditure authorization during a given fiscal period. Appropriations are shown in the general ledger.

Appropriation Expenditure An expenditure chargeable to an appropriation. Since virtually all expenditures of governments are chargeable to appropriations, the term expenditure by itself is widely and properly used. See Expenditure.

Appropriation Ledger A ledger containing an account for each appropriation. Each account usually shows the amount originally appropriated, transfers to or from the appropriation, amount disbursed against the appropriation, the encumbrances, the net balance and other related information. If allotments are made and a separate ledger is maintained for them, each account usually shows the amount appropriated, transfers to or from the appropriation, the amount allotted and the unallotted balance.

Arbitrage (1) Buying and selling, bonds, etc. simultaneously in different markets to profit from different prices. (2) The difference between the interest paid on debt and the interest earned on the proceeds derived from that debt.

GLOSSARY (Cont'd)

Arbitrage Bond Bond issued of which any portion of the proceeds are reasonably expected (at the time of issuance of the bond) to be used directly or indirectly (1) to acquire higher yielding investments, or (2) to replace funds which were used directly or indirectly to acquire higher yielding investments.

Arbitrage Rebate Payment required to the U.S. Treasury for the amount of earnings on tax-exempt bond issue proceeds invested in taxable obligations that exceed the yield on the issued bonds.

Assessed Valuation Valuation set on real estate or other property by a government as a basis for levying taxes.

Assessment (1) Process of making the official valuation of property for taxation purposes. (2) Valuation placed on property as a result of this process.

Assets Tangible and intangible property owned by a school district. Assets are comprised of items of measurable monetary value, based on historic cost.

Audit Examination of records and documents and the securing of other evidence for one or more of the following purposes: (1) ascertain whether the statements prepared from accounts present fairly the financial position, results of operations, changes in fund equity, and changes in financial position of each of the funds and account groups of the district in accordance with generally accepted accounting principles applicable to school districts on a basis consistent with that of the preceding year; (2) determining the propriety, legality and mathematical accuracy of financial transactions; (3) ascertain the stewardship of public officials who handle the financial resources of the district.

Auditor's Opinion A statement signed by an auditor which states that he has audited the financial statements in accordance with generally accepted auditing standards and which expresses his opinion (with exceptions, if any), on the financial condition, changes in fund equity, and results of operations of some or all of the constituent funds and balanced account groups of the governmental unit, as appropriate. Also see Unqualified Opinion.

Balance Sheet Basic financial statement which discloses the assets, liabilities, and equities of a fund of an entity at a specified date in conformity with GAAP. If several funds/account groups are presented on one balance sheet, each fund or account group must be listed in a separate column or section. Also referred to as Statement of Financial Condition.

Basic County Levy Tax of 55 mills levied on all property in the county for support of the district Foundation Program (20-9-331). 33 mills is levied for elementary districts and 22 mills levied is for high school districts.

Basic Financial Statements Those financial statements, including notes thereto, which are necessary for a fair presentation of the financial position and results of operations of an entity in conformity with GAAP. Under Statement 1, basic financial statements include a balance sheet, an "all inclusive" operating statement, a statement comparing budgeted with actual revenues and expenditures and (for Proprietary funds, Pension Trust Funds and Nonexpendable Trust Fund, a statement of changes in financial position). See Financial Reporting Pyramid, Combined Statements - Overview, Combining Statements - By Fund Type, Individual Fund Statements, General Purpose Financial Statements, and Generally Accepted Accounting Principles.

Basis of Accounting Time at which revenues, expenses, expenditures, transfers and related assets and liabilities are recognized in the accounts and reported in the financial statements.

GLOSSARY (Cont'd)

Betterment Addition to or change in a fixed asset which is expected to prolong the asset's life or increase its efficiency over and above maintenance. Cost of betterment is added to the book value of the asset.

Bond Written promise, generally under seal, to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and carrying interest at a fixed rate, usually payable periodically. The difference between a promissory note and a bond is that the latter usually runs for a longer period of time and requires greater legal formality. Also see Refunding Bonds, Serial Bonds, Surety Bond.

Bond Anticipation Notes Short term interest bearing notes issued by a district in anticipation of bonds to be issued at a later date. Such notes are repaid using proceeds from related bonds issued later.

Bond Attorney Attorney who approves the legality of a bond issue.

Bond Discount Excess of the face value of a bond over the price for which it is acquired or sold. The price does not include accrued interest at the date of acquisition or sale.

Bond Interest Payable Cumulative interest due on bonded indebtedness.

Bond Premium Excess of the price at which a bond is acquired or sold over its face value. The price does not include accrued interest at the date of acquisition or sale.

Bonded Debt Portion of the school district debt consisting of outstanding bonds of the district. Sometimes called "Funded Debt".

Bonds Payable Liability for face value of bonds issued and outstanding.

Book Value Original asset cost, less accumulated depreciation to date, of a fixed asset belonging to a proprietary fund.

Books of Original Entry Record in which the various transactions are formally recorded for the first time, such as the cash or payroll journals, check register or general journal. Where mechanized bookkeeping methods are used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry. NOTE: Memorandum books, check stubs, files of duplicate sales invoices, etc., whereon first or prior business notations may have been made, are not books of original entry in the accepted meaning of the term unless they are also used as the media for direct posting to the ledgers.

Budget Plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. See Topic 4.

Budget, Balanced: Budget in which estimated expenditures and estimated appropriations for other financing uses for the budgeted fiscal year are not greater than the total of estimated revenues and estimated other financing sources for the budgeted fiscal year, estimated fund balance at the beginning of the budgeted fiscal year less estimated reserved fund balance at the end of the budgeted fiscal year, and the projected revenue from receivables collectable in future years; as approved by the Superintendent of Public Instruction.

Budget Status Report Report which compares the current actual revenues and expenditures recorded to the previously budgeted revenues and expenditures.

GLOSSARY (Cont'd)

Budgetary Accounts Those accounts necessary to reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts.

Budgetary Control Control or management of the business affairs of the school district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

Budget Unit A separate funding group. To qualify as a separate unit, a school must be located more than 3 miles from the incorporated city limits or more than 3 miles from another building of the district. An elementary district that has been approved for high school Foundation Program schedule rates for grades 7 and 8 may also be a separate unit.

Building One continuous structure which may or may not be connected with other structures by passage-ways. For budget unit purposes, 2 buildings connected by a breezeway are one budget unit. It includes the building itself and the plumbing, heating, ventilating, mechanical and electrical work and other fixtures. Two structures connected by a breezeway, a covered walkway, or tunnel would be two buildings. Buildings are valued at acquisition cost or, if a gift, at the market value at the time of acquisition.

Building Fund See Capital Projects Fund.

Capital Assets See Fixed Assets.

Capital Outlay (Expenditure) Expenditure which results in the acquisition of fixed assets or additions to fixed assets. It is an expenditure for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment. Includes installment or lease payments on property (except interest) which have a terminal date and result in the acquisition of property.

Capital Projects Fund Fund type used to account for all moneys and resources set aside for acquisition of fixed assets through construction and remodeling projects. Building Fund (60), Building Reserve Fund (61) and Mining Impact Fund (62) are the capital projects funds used by Montana school districts.

Cash Currency, coins, checks, postal and express money orders, bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash, and bank deposits. Any restriction or limitations as to its availability should be indicated.

Cash Basis Basis of accounting under which revenues are recorded only when actually received, and only cash disbursements are recorded as expenditures.

Cash Basis Expenditures Actual disbursements during a given fiscal period for operating expenditures, capital outlay, and debt service, regardless of when liabilities are incurred.

Cash Discount An allowance received or given if payment is completed within a stated period. The term is not to be confused with "trade discount."

Cash in Transit Term used in reconciling cash which has been remitted from cash on hand and/or in local banks to the county treasurer.

Cash Reappropriated Fund balances at the end of one fiscal year may be used or "reappropriated" to reduce tax levies in the following year. When budgeting, the fund balance must be divided between cash reappropriated and reserve. See also Reserve.

GLOSSARY (Cont'd)

Central Warehouse Facility used for district-wide receiving, storing, and distributing of supplies, equipment or materials.

Certificate of Conformance Awarded by GFOA to state and local governments (including school districts), and public employee retirement systems that publish and submit a CAFR that is judged to be in substantial conformance with GAAP and certain other reporting standards.

Certified Staff Professional personnel of the district who have teacher or specialist certificates; certificates are issued by the Superintendent of Public Instruction in compliance with policies established by the Board of Public Education. This includes administrators.

CFDA Number Catalog of Domestic Assistance Number. The catalog assigns an identification number to most federal grant programs. The number is in the form: XX.XXX, where the first two digits designate the federal grantor agency and the last three digits designate the grant program number. For example, CFDA #84.003 is the Department of Education's Bilingual Education grant.

Chart of Accounts List of accounts systematically arranged, applicable to a specific concern, giving account names and numbers, if any. A chart of accounts, accompanied by descriptions of account use and of the general operation of the books of account, becomes a classification or manual of accounts; a significant feature of a system of accounts.

Check A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer, out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable. A check differs from a voucher in that the latter is not an order to pay.

Clearing Accounts Accounts used to accumulate total revenues or expenditures either for later distribution among the accounts to which such revenues or expenditures are properly allocable, or for recording the net differences under the proper account. Also see Revolving Fund, Prepaid Expenditures and Petty Cash.

Coding A system of numbering, or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly certain required information. Use of the uniform chart of accounts to classify and record transactions on the financial records.

Combined Statements - overview The five basic financial statements comprising the first of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. They include: (1) Combined Balance Sheet — All Fund Types and Account Groups; (2) Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types; (3) Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual - General and Special Revenue Fund Types (and similar governmental fund types for which annual budgets have been legally adopted); (4) Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (or Equity) - All Proprietary Fund Types; (5) Combined Statement of Changes in Financial Position - All Proprietary Fund Types; and (6) Notes to the Financial Statements. Trust Fund operations may be reported in (2), (4), and (5) above, as appropriate, or separately. The Combined Statements - Overview are also referred to as the "liftable" **general purpose financial statements (GPFS)**.

Combining Statements - By Fund Type Second of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. Such statements are presented for each fund type for which the government maintains more than one fund. They include GAAP basic financial statements for each fund of a particular fund type in separate adjacent columns and a total column which duplicates the column for that fund type in the Combined Statements-Overview.

GLOSSARY (Cont'd)

Comprehensive Annual Financial Report (CAFR) Official annual report of a government. It includes Combined Statements - Overview (the "liftable" GPFS) and basic financial statements for each individual fund and account group prepared in conformity with GAAP and organized into a financial reporting pyramid. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section. Every government (including every school district) should prepare and publish a CAFR annually as a matter of public record.

Conditional Sales Contract Sales contract providing for a series of payments to be made over a period of time. In contrast to normal credit sales, installment sales usually provide for payments over a longer period of time, with the buyer receiving only a conditional title until payments are completed.

Construction Work in Progress Expenditures for construction work undertaken but not yet completed. Recorded as a TEMPORARY asset in the GFAAG yearly based on the work on a construction contract completed by year end. This asset is cleared at the contract's completion by transferring the expenditure into applicable fixed asset categories in the GFAAG: Site (311-322), Buildings and Improvements (331-332), and Machinery and Equipment (341-342).

Contra-Entry Under the double-entry accounting system concept, a contra-entry represents the corresponding credit side to the debit side of an account or accounts; or vice versa.

Contracts Payable Amounts remaining unpaid on contractual agreements. The balance at the end of the fiscal year represents an accrued liability.

Contractual Services Services rendered by personnel who are not on the payroll of the school system including all related expenditures covered by the contract.

Control Account An account usually kept in the general ledger in which the postings to a number of identical, similar, or related accounts are summarized, so that the balance in the controlling account equals the sum of the balances of the detailed accounts. The controlling account serves as a check on the accuracy of the detailed account postings and summarizes the expenditures in relation to the budget estimates.

County Equalization Aid Money for distribution to school districts for the support of the Foundation Program in accordance with a statutory formula (20-9-335).

County Equalization Level (also county equalization percentage) For elementary schools in a given county, the proportion of the total financial requirements of all the elementary schools' Foundation Program which is achieved by any miscellaneous county revenues and the basic county levy for elementary schools. For high schools in a given county, the proportion of the total financial requirements of all the high schools' Foundation Programs which is achieved by the basic county levy for high schools. (20-9-335 for calculation of the proportion.)

Credit In double entry accounting procedures, an entry on the right side of an account. Credits increase liabilities, revenues, and fund balance; they decrease assets and expenditures.

Crossover or Nondefeasance Method This method provides for the sale of refunding (new) bonds whose proceeds are used to purchase certain investments which are placed in the custody of the trust department of a bank or the county treasurer. The investments provide interest earnings which are used to pay interest on the refunding (new) bonds. The investments are selected so that the cash from the maturing investments is used to redeem all the remaining refunded (old) bonds. The debt service requirements of the refunded (old) bonds is provided by a tax levy which is budgeted in the usual manner.

GLOSSARY (Cont'd)

Current Assets Those assets which are available or can be made readily available to meet the expenditures for operations or to pay current liabilities. "Current" indicates availability within the next accounting period. Some examples are cash, short term investments, and taxes receivable.

Current Expenditures Expenditures which are chargeable to the current fiscal year. On the accrual basis, these include charges incurred whether paid or unpaid. On the cash basis, current expenditures include only actual disbursements.

Current Loan A loan payable in the same fiscal year in which the money was borrowed. Interfund loans are an example since they must be repaid in the same fiscal year.

Current Taxes Taxes levied in the current fiscal period. Also see Taxes Receivable.

Current Year The year in progress at the time a given act is performed.

Debit In double entry accounting procedures, an entry on the left side of an account. Debits increase assets and expenditures and decrease liabilities, fund balances, and revenues.

Debt Limit The maximum amount of gross or net debt legally permitted. Bonded debt and short term debt are limited to 45% of the taxable property of the district, as specified in Section 20-9-406, MCA.

Debt Service Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest on current loans.

Debt Service Fund Fund established to finance and account for accumulation of financial resources over a long period of time to pay principle and interest of general long term obligations, serial and term, other than those paid from revenue debt issued for and by a school district. Formerly called "Sinking Fund."

Defeasance Method Method of refunding general obligation bonds in advance as provided in section 20-9-412, MCA. This method provides for the sale of new general obligation refunding bonds whose proceeds are used to purchase certain investments which are placed in the custody of the trust department of a bank or in the custody of the county treasurer. The investments are selected so that the cash realized from maturing investments, together with interest earned, will be available to pay the principal and interest of the refunded (old) bonds as they mature and become callable. When the defeasance method is used, taxes are no longer levied for the annual debt service requirements of the refunded (old) bond issue. Instead, taxes are levied for the annual debt service requirements of the refunding (new) bond issue together with any bonds that have not been refunded.

Deferred Charges Expenditures which are not chargeable to the fiscal period in which made. In accounting systems that recognize deferred charges, they are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid expenditures in that they usually extend over a longer period of time and may or may not be regularly recurring expenditures for operation. Also see Prepaid Expenditures.

Deferred Revenues Amounts for which assets recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Deficit The excess of the liabilities of a fund over its assets.

GLOSSARY (Cont'd)

Delinquent Taxes Taxes remaining unpaid on and after the date on which they become due and payable by statute.

Depreciation Expiration in service life of fixed assets, other than wasting assets, because of wear through use, elapse of time, inadequacy or obsolescence.

Depreciation Expense Portion of the cost of a fixed asset which is charged as an expense during the fiscal period.

Direct Expenditures Those elements of expenditure which can be easily, obviously, and conveniently identified with specific programs, as distinguished from those expenditures incurred for several different programs and whose elements are not readily identifiable with specific programs. To be considered direct expenditures in the accounting system, the expenditures must be charged to specific programs and need no further allocation.

Disbursement Payment in cash, including but not limited to payment by warrants.

District School district, defined by state law as the territory under the jurisdiction of a single board of trustees (20-6-101). The three types of districts are elementary, high school, and county high school. A district may have one of the following characteristics:

Joint—Consisting of territory situated in more than one county.

Non-operating—No operating school; may continue as a nonoperating district for 3 years maximum.

Operating District—School district in which at least one school is operated.

Double Entry System of bookkeeping which requires for every entry made to the debit side of an account or accounts, an entry for the corresponding amount or amounts to the credit side of another account or accounts.

Earned Interest Interest collected and due.

Employee Benefits Expenditures of the school system made in behalf of employees; these amounts are not included in the gross salary, but are in addition to gross salary. They are fringe benefits, and while not paid directly to employees, nevertheless are part of the expenditure total of salaries and benefits. Examples are: (a) Group Health or Life Insurance, (b) Contributions to Employee Retirement, (c) Social Security, (d) Workers' Compensation.

Encumbrances Purchase orders, contracts and salary or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

Ensuing Year Used with reference to budgeting; the year for which the budget is being prepared.

GLOSSARY (Cont'd)

Enterprise Fund Fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those for food services, bookstores, and athletic programs.

Entity The basic unit upon which accounting and/or financial reporting activities are focused. The basic governmental legal and accounting entity is the individual fund and account group.

Entry The record of a financial transaction in its appropriate book of accounts. Also, the act of recording a transaction in the books of accounts.

Equalization Application of resources to provide equality of education opportunity to all the state's pupils while equalizing the financial burden of providing the education. Applied on a county and state basis.

Equipment Material item of a nonexpendable nature whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic of and definable for items of its class; e.g., a unit of furniture or furnishings (not a built-in facility), an instrument or apparatus, a machine (including attachments), an instructional skill-training device, or a set of small articles.

Equity In commercial accounting, equity is the mathematical excess of assets over liabilities. In fund accounting this excess is called "Fund Balance."

Expendable Trust Fund Trust fund whose resources, including both principal and earnings, may be expended. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Also see Nonexpendable Trust Fund.

Expenditure An amount chargeable to an appropriation. Expenditures include both disbursements and accruals. See Appropriation Expenditure.

Expenditure Per Pupil Expenditures for a given period of time divided by a pupil unit of measure.

Extracurricular Activities Direct and personal services for public school pupils, such as interscholastic athletics and activities, entertainments, publications, clubs, bands and orchestras, that are managed or operated by the student body under the guidance and direction of adults, and are not part of the regular instructional program.

Extracurricular Fund (84) Fund used to account for student activities which are (a) conducted in whole or in part on behalf of an associated student body during or outside regular school hours and within or outside school grounds and facilities, and (b) is conducted with the approval and at the direction or under the supervision of the school district.

Face Value As applied to securities, the amount stated on the security document.

Fair Market Value Cash value, estimated realizable value of similar assets that are sold for cash, quoted market prices, or independent appraisals, etc., used to determine an asset's value.

Fidelity Bond Bond guaranteeing the school district against losses resulting from the actions of the treasurer, employees, or other persons of the district. See also Surety Bond.

GLOSSARY (Cont'd)

Financial Accounting Recording and reporting of activities and events affecting the assets and liabilities of an administrative unit and its program. Specifically, it is concerned with: (1) determining what accounting records are to be used, (2) recording, classifying and summarizing activities or events, (3) analyzing and interpreting recorded data, and (4) preparing reports and statements which reflect conditions as of a given date, the results of operations for a specific period and the evaluation of status and results of operations in terms of established objectives.

Financial Accounting Standards Board (FASB) Created in 1973 to establish accounting principles.

Financial Reporting Pyramid GASB Statement 1 organization plan for the Financial Section of the CAFR. The pyramid presents GAAP basic financial statements on three distinct and progressively more detailed reporting levels: (1) Combined Statements - Overview (the "liftable" GPFS); (2) Combining Statements - By Fund Type; and (where necessary or appropriate) (3) individual fund statements.

Fiscal Of or pertaining to finances in general.

Fiscal Period Any period at the end of which a school district determines its financial condition and the results of its operations and closes its books. It is usually a year, though not necessarily a calendar year. The fiscal period for Montana school districts is July 1 through June 30.

Fiscal Services Activities involved with managing and conducting the fiscal operations of the school system. Includes budgeting, receiving and disbursing, financial accounting, payroll, internal auditing and purchasing.

Fixed Assets Tangible assets of a relatively permanent nature with a significant cost and having an identity which does not change with use. Includes both real and personal property.

Fixtures Attachments to buildings which are not intended to be removed and which cannot be removed without damage to the buildings.

Food Services Activities for the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

Foundation Program Minimum operating expenditures sufficient to provide for the educational program of a school (20-9-303). In practice, that portion of the district's budget within the General Fund which is statutorily based on ANB size of the district.

Full-Time Equivalence (FTE) Amount of employed time required in a part-time position expressed in proportion to that required in a full-time position, with "1.00" representing one full-time position. May be expressed as a percentage or as a fraction. Calculated by dividing the amount of employed time required in the part-time position by the amount of employed time required in a corresponding full-time position. Also see Personnel - Full-Time.

Function For expenditures, classification of a group of services aimed at accomplishing a certain purpose or end; for example, instruction (1000), supporting services (2000), debt service (5000), etc.

Fund An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

GLOSSARY (Cont'd)

Fund Accounts All accounts necessary to set forth financial operations and financial conditions of a fund.

General Fixed Assets Fixed assets used in operations accounted for in governmental funds. General fixed assets include all fixed assets not accounted for in proprietary, Trust, and Agency Funds.

General Fixed Assets Account Group (GFAAG) Self-balancing group of accounts set up to account for the general fixed assets of a government.

General Ledger Book, file or other device in which accounts are kept to the degree of detail necessary, that summarizes the financial condition and transactions of the school district. The general ledger contains a self-balancing group of accounts consisting of assets, liabilities, reserves, budgetary, fund balance, revenue and expenditure accounts.

General Long-Term Debt Long-term debt expected to be repaid from governmental funds. See Long-Term Debt.

General Long-Term Debt Account Group (GLTDAG) Self-balancing groups of accounts set up to account for the unmatured general long-term debt of a government. See General Long-Term Debt.

Generally Accepted Accounting Principles (GAAP) Uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to state and local governments is GASB **Statement 1**. Every government should prepare and publish financial statements in conformity with GAAP. The objectives of governmental GAAP financial reports are different from, and much broader than, the objectives of business enterprise GAAP financial reports.

Generally Accepted Auditing Standards (GAAS) Measures the quality of auditing procedures and the objectives to be attained through their use. They are concerned with the auditor's professional abilities and the judgment exercised in the performance of an audit. Generally accepted auditing standards have been prescribed by: (1) the American Institute of Certified Public Accountants (AICPA), and (2) the U.S. General Accounting Office (GAO) in **Standards for Audit of Governmental Organizations, Programs, Activities & Functions**.

General Purpose Financial Statements (GPFS) Those basic financial statements which comprise the minimum acceptable level of reporting constituting fair presentation in conformity with GAAP. As such, they constitute the minimum acceptable scope of independent annual GAAP audits. Under 1968 GAAFR, the GPFS included financial statements for each individual fund and account group maintained by a government. In **Statement 1**, the GASB redefined governmental GPFS to consist of financial statements for each of the fund types in use and for both account groups presented in separate adjacent columns on the financial reporting pyramid's five Combined Statements - Overview. See Basic Financial Statements, Combined Statements - Overview, Financial Reporting Pyramid, and "Liftable" General Purpose Financial Statements.

Governmental Accounting The preparation, reporting, and interpretation of accounts for governmental bodies.

GLOSSARY (Cont'd)

Governmental Accounting, Auditing, and Financial Reporting (GAAFR) Unauthoritative illustrative application of GASB **Statement 1's** principles, published by the GFOA.

Governmental Accounting Standards Board (GASB) Body which sets standard accounting principles for state and local governments.

Governmental Finance Officers Association of the United States and Canada (GFOA) Professional association of state and local governmental financial managers.

Grant Contribution, either money or material goods, made by one governmental unit to another unit for which the contributing unit expects no repayment. Grants may be for specific or general purposes.

Guaranteed Tax Base Subsidy State money distributed to school districts to support a district's overschedule permissive amount of the General Fund when the district's mill value per ANB is less than the statewide average mill value per ANB.

Imprest Fund Fund in which a fixed amount of money is set aside for a particular purpose. Disbursements are made from time to time as needed. At certain intervals, a report is rendered showing the amount disbursed, and the cash is replenished for the amount of the disbursements ordinarily by warrant drawn on the fund or funds from which the items are payable. The total of cash plus unreplenished disbursements must always equal the fixed sum of cash set aside. Petty cash funds should be managed using this procedure.

Improvements Buildings, other structures, and other attachments or annexations to land which increase the value and are intended to remain attached or annexed. Improvements are accounted for in the capital projects funds. Expenditures which do not meet these requirements are considered maintenance and are shown as an expenditure in the current period.

Indirect Expenditures Those expenditure elements that cannot be easily, obviously and conveniently identified with specific programs.

Individual Fund Statements The third of the financial reporting pyramid's three reporting levels containing GAAP basic financial statements. Such statements should be presented only when necessary or appropriate. Governments should not present physically separate individual fund financial statements which simply repeat information already presented in columns on the Combined Statements - Overview or Combining Statements - By Fund Type. Under **Statement 1**, physically separate individual fund statement formats are normally used only: (1) to present required individual fund budgetary comparisons; (2) to present prior-year comparative data; or (3) to present more detailed information than is presented for a fund.

Installment Purchase See Conditional Sales Contract.

Instruction Instruction includes the activities dealing directly with the teaching of pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co-curricular activities; it may also be provided through some other approved medium such as television, radio, telephone computers and correspondence.

Instructional Materials Any devices, content materials, methods or experiences used for teaching and learning purposes. These include printed and non-printed sensory materials.

GLOSSARY (Cont'd)

Interest A fee charged a borrower for the use of money. See also Debt Service.

Interfund Loan Temporary loan between funds to alleviate a temporary cash deficiency in the borrowing fund. Loans shall not be made from any fund to the detriment of any function or project for which the fund is established. A temporary loan is considered to be a loan which is completely liquidated in the same fiscal year.

Interfund Transfers Money which is taken from one fund under the control of the board of directors and added to another fund under the board's control. Interfund transfers are not revenues or expenditures of the school district.

Internal Auditing Pertains to activities involved with evaluating the adequacy of the internal control system; verifying and safeguarding assets; reviewing the reliability of the accounting and reporting system; and ascertaining compliance with established policies and procedures.

Internal Control Comprises the plan of organization and all of the coordinated methods and measures adopted within a school district to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.

Inventory A detailed list showing quantities, descriptions and values of property, and frequently units of measure and unit prices. Inventory accounts are required if material. Amounts in the inventory accounts at year-end are not duplicated in the expenditures for the year reported.

Investments Securities or other property in which money is put at interest.

Investment in General Fixed Assets (IGFA) Account in the General Fixed Assets Account Group which represents the government's equity in general fixed assets. The balance of this account is generally subdivided according to the source of the money which financed the asset acquisition, such as General Fund revenues, special assessments, etc.

Invoice An itemized billing of merchandise shipped or services performed to a purchaser, consignee, etc., with the quantity, unit price, other charges and total cost.

Isolated School Elementary school of less than ten (10) ANB or a high school of less than twenty-five (25) ANB approved under section 20-9-302, MCA. Board of trustees may apply for approval by the county board of school budget supervisors and the Superintendent of Public Instruction in accordance with the conditions prescribed by statute. The formula for financing the Foundation Program differentiates between isolated and non-isolated elementary schools (20-9-302).

Journal Any form in which the financial transactions are formally recorded for the first time, such as the cash receipts journal, check register, and journal voucher.

Journal Entry See Entry.

Journal Voucher A paper or form on which the financial transactions of the school system are authorized and from which any or all transactions may be entered in the books. By means of the journal voucher, the budget may be put into operation and expenditures made to meet authorized obligations. Journal vouchers are also used to set up revolving funds and petty cash funds, and for authorizing all entries in the bookkeeping system for which no other authorizations, such as deposit slips, invoices, etc., are available.

GLOSSARY (Cont'd)

Judgment An amount to be paid or collected by the school district as the result of a court decision.

Lapse As applied to appropriations, denotes the automatic termination of an appropriation.

Ledger See Appropriation Ledger and General Ledger.

Legal opinion An opinion on legality, rendered by an authorized official, such as an attorney general or prosecuting attorney.

Levy (1) To impose taxes or special assessments, (2) the total of taxes or special assessments imposed by a governmental unit.

Liabilities Debt or other legal obligations arising out of transactions in the past which are payable but not necessarily due. Encumbrances are not liabilities for GAAP accounting; they become liabilities when the services or materials for which the encumbrance was established have been rendered or received. For budgetary purposes, a district may record encumbrances as expenditures and reservation of fund balance. For preparation of financial statements in conformity with GAAP, encumbrances should not be included as expenditures.

"Liftable" General Purpose Financial Statements (GPFS) GASB Statement 1's GPFS are designed to be "liftable" from the Financial Section of the comprehensive annual financial report (CAFR) for widespread distribution, along with an independent auditor's opinion, to users requiring less detailed information than is contained in the full CAFR. In order to be "liftable" the GPFS must include all disclosures necessary for their fair presentation in conformity with GAAP including certain specified disclosures related to individual funds. See General Purpose Financial Statements.

Liquidation Removal or reversal of an encumbrance amount as a result of the fulfillment or cancellation of a purchase order or contractual commitment.

Long-Term Debt Debt with a maturity of more than one year after the date of issuance.

Mandatory Levy Obligatory tax on the district or county, which is levied without special authorization of voters.

Maximum General Fund Budget Without a Vote Amount fixed by law for General Fund expenditures which may be budgeted without voted authorization (20-9-315 through 321).

Memorandum Account An informal record of a school district transaction that cannot be recorded under the regular financial accounts but for which a record is desired. For example, a district may choose not to record depreciation for general fixed assets in the GFAAG, but may wish to maintain a memorandum account to keep track of asset devaluation for replacement and repair purposes.

Mill Mill means literally 1/1000th. It is used to state the rate of taxation for property taxes. Thus a tax of 1 mill means a tax of \$1 on each \$1,000 of taxable property.

Montana Codes Annotated (MCA) Montana laws enacted by the state Legislature. Each section is designated by a number which specifies the Title-Chapter-Part; for example, 20-9-301 denotes Title 20, Chapter 9, Part 301. Title 20 involves most laws pertaining to Montana schools.

GLOSSARY (Cont'd)

Municipal Finance Officers Association of the United States and Canada (MFOA) Professional association of state and local governmental financial managers. Now called Governmental Finance Officers Association (GFOA).

National Council on Governmental Accounting (NCGA) Reconstituted in 1974 to establish principles for state and local governmental accounting and financial reporting.

New School A school operating for the first time, for which a budget has been authorized as a result of compliance with minimum statutory requirements for opening a new school (20-6-502, 503).

Nominal Account An account opened and used during a single accounting period and then closed into fund balance. Revenue and expenditure accounts are nominal accounts.

Nonexpenditure Disbursements Disbursements which are not chargeable as expenditures. Instead, they are charged to a balance sheet account; for example, a disbursement made for the purpose of paying off an account payable previously recorded on the books.

Nonexpendable Trust Fund A trust fund, in which the principal must remain intact and may not be expended. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Also see Expendable Trust Fund.

Nonrevenue Receipts Additions to assets which either incur an obligation that must be met at some future date or change the form of an asset from property to cash and therefore decrease the amount and value of school property. Money received from sale of bonds and sale of property purchased with capital projects funds constitute most of the nonrevenue receipts.

Object of Expenditure (o/e) For an expenditure, a code which identifies the nature of the item purchased or service obtained; for example, payment for teachers' salaries may be coded to Regular salaries-teachers, object of expenditure 112; supplies would be coded to object of expenditure 610.

Obligations Amounts which the governmental unit may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

Operating Statement Statement summarizing the financial operations of a governmental unit for an accounting period.

Operating Transfers All nonresidual equity transfers between funds are classified as operating transfers and are included in operating statements. (Note: Such common transactions as reimbursement between funds **are not** interfund transfers for reporting purposes. Accounting procedures may require a journal entry called a transfer, but such procedures are not necessarily accounted for as "operating transfers.") See Residual Equity Transfers.

Other Financing Sources General long-term debt proceeds, operating transfers-in, and material proceeds of fixed asset dispositions. Such amounts are classified separately from revenues.

Other Financing Uses Governmental fund operating transfers out. Such amounts are classified separately from expenditures.

Payroll A list of individual employees entitled to pay, with the amounts due to each for personal services rendered. Payments are also made for such payroll-associated expenditures as federal income tax withholdings, retirement and social security.

GLOSSARY (Cont'd)

Payroll Deductions and Taxes Payable Amounts deducted from employees' salaries for taxes required to be withheld and for other withholding purposes. See also Withholding.

Pension System Retirement plan in which persons leaving service in the educational system because of age, disability, or length of service receive payments from funds to which they have not contributed. Payments may be made either in a lump sum or in the form of an annuity. See also Retirement Fund System.

Periodic Inventory System in which additions of inventory are charged to expenditures when purchased, and the expenditure of materials used is determined by periodically subtracting the physical count from the sum of the opening inventory and purchases.

Perpetual Inventory System in which the inventory of property at any date may be obtained directly from the records without resorting to an actual physical count. A record shows each item or group of items in inventory and is divided to provide a cumulative record of goods ordered, received, and withdrawn and the balance on hand in units (and frequently also in value). Under both the periodic and perpetual systems, the inventory account is adjusted to the physical count of items at the end of the period.

Personal Property All fixed assets other than real property. Includes, for example, equipment, machinery, furniture, etc.

Personnel - Full-time Certificated employees who work the full number of days under local standard contract (assuming state minimum length of contract) or classified employees who work 2080 hours or more per year.

Personnel - Part-time Personnel who occupy positions the duties of which require less than full-time services. This includes those employed fulltime, for part of the school year, part-time for all of the school year, and part-time for part of the school year. See also Personnel - Full-time.

Rebates Abatements or refunds.

Recoverable Expenditures An expenditure made for or on behalf of another governmental unit or another fund within the district, and will subsequently be recovered in cash or its equivalent. See Reimbursement.

Refund (1) An amount paid back or credit allowed because of an over-collection or the return of an object sold; (2) to provide for the payment of a loan through cash or credit secured by a new loan.

Refunding Bonds A new issue of bonds large enough to retire an old issue. Refunding at maturity date is accounted for as a new issue of bonds, of which some proceeds are applied to payment of the previous obligation.

Register A record for the consecutive entry of a certain class of events, documents, or transactions, with a proper notation of all of the required particulars. The form of a register for accounting purposes varies from a one column to a multi-columnar sheet of special design whereon the entries are distributed, summarized and aggregated usually for convenient posting to the accounts.

Registered Warrant A warrant which is registered by the paying officer for future payment when there is a present lack of funds, and which is to be paid in the order of its registration. Such warrants are registered when issued. See also Warrant.

GLOSSARY (Cont'd)

Reimbursement Cash or other assets received as payment of the cost of work or services performed, or of other expenditures made for or on behalf of another governmental unit or fund.

Remittance A disbursement warrant of a county treasurer, charged against a school district and made payable to a school district, another county treasurer or a fiscal agent.

Reopened School A school which was not in operation the previous year but for which a budget has been authorized for the current year as a result of compliance with statutory requirements for reopening (20-6-502 and 503).

Replacement Cost As of a certain date, cost necessary to purchase property which can render similar service (but which need not be of the same structural form) as the property to be replaced.

Requisition Written demand or request to the purchasing officer for specified articles or services. A requisition should include description, number of units and the estimated expenditure.

Reserve (I) Amount of money set aside in a fund to pay expenses between July 1 and the time revenues are received to support the expenditures, usually November 30. Reserves are authorized for the General Fund (01), Transportation Fund (10), Bus Depreciation Reserve Fund (11), Retirement Fund (14), and the Building Reserve Fund (61). Reserves of funds may not be combined or used interchangeably. A reserve may be obtained by retaining cash at year end or by budgeting for it (20-9-104, 20-10-144, 20-10-147, 20-9-501 and 20-9-503).

Reserve for Debt Service Account used to segregate a portion of fund balance for resources legally restricted to the payment of general longterm debt principal and interest amounts maturing in future years.

Reserve for Encumbrances Account used to segregate a portion of a fund balance for an expenditure upon vendor performance.

Reserve for Inventory An account used to segregate a portion of fund balance to indicate that inventories of supplies do not represent "available spendable resources."

Residual Equity Transfers Nonrecurring or nonroutine transfers of equity between funds. Residual equity transfers are reported as direct additions to or deductions from beginning fund balances. See Operating Transfers.

Retirement Fund System Plan in which a fund or money, built up through contributions from participants and other sources, is used to make regular payments to those who retire from service in the educational system by reason of age, disability or length of service. See also Pension System.

Revenue Additions to the assets of a fund during a fiscal period that is available to finance the fund's expenditures during the fiscal period. Revenue does not accompany the increase of liabilities or represent refunds of previous disbursements. Revenue may be in the form of cash or in the form of noncash assets such as donated commodities. See Revenue Accruals.

Revenue Accruals Revenue anticipated to be received in cash after the close of the fiscal period. See Revenue.

GLOSSARY (Cont'd)

Revenue Anticipation Note (RAN) Notes issued by the school district to receive money in exchange for a promise to make repayment at a later date from anticipated revenues. The revenue anticipated to be received at a later date includes taxes, grants and the proceeds from the sale of bonds.

Revenue. Deferred See Deferred Revenues.

Revenue Receipts Additions to assets which do not incur an obligation or represent exchanges of property for money.

Revolving Fund Fund provided to carry out a cycle of operations. Amounts expended from the fund are restored from earnings from operations or by transfer from other funds so that it remains intact, either in the form of cash, receivables, inventory or other assets. Funds are also known as "reimbursable funds," or "petty cash funds." See also Imprest Fund.

Salary Total amount regularly paid or stipulated to be paid to an individual, before deductions, for personal services rendered while on the payroll of the school district. Payments for sabbatical leave are also considered as salary.

Schedules (1) The explanatory or supplementary statements that accompany the balance sheet or other principal statements periodically prepared from the accounts. (2) The accountant's or auditor's principal work papers covering his examination of the books and accounts. (3) A written enumeration or detailed list in orderly form.

School Institution for the education of children that is established and maintained under the laws of Montana at public expense (20-6-501).

Elementary school Comprised of any combination of programs from preschool through eighth grade or their equivalents.

High school Comprised of one or more grades between elementary school and institutions of higher education.

Junior High school Comprises seventh, eighth, and ninth grades and has been accredited as a junior high school.

Middle school Comprises fourth through eighth grades, or some combination of those grades, and is either accredited as a middle school by the Board of Education (20-9-311), or has enriched program offerings for seventh and eighth grades and is approved for special funding (20-9-312). Both types of middle schools are eligible for special funding.

School Bus See "Specifications for School Buses", published by the Superintendent of Public Instruction.

School Fiscal Year The year beginning July 1 and ending June 30.

School Year With reference to the school term, often considered the number of days that school is in session. The statutory requirement is that school be in session at least 180 days during any school year (20-1-301).

GLOSSARY (Cont'd)

School Site The land and all improvements to the site, other than structures, such as grading, drainage, drives, parking areas, walks, plantings, play courts and playfields.

Securities Bonds, notes, mortgages or other forms of negotiable or nonnegotiable instruments.

Serial Bonds Issues redeemable by installments, each of which is to be paid in full, ordinarily out of revenues of the fiscal year in which it matures, or revenues of the preceding year. These are to be expended as they mature.

State Equalization Aid Moneys deposited in the state special revenue fund under Section 20-9-343, MCA and legislative appropriations from other sources for distribution to public schools for equalization of the Foundation Program.

State Equalization Level (also state equalization percentage). The proportion of the total financial requirements of all the schools' Foundation Programs which is achieved by all revenues intended for the purpose, the basic county levy for elementary schools, the basic county levy for high schools, and revenues from state equalization aid. (See 20-9-347 for calculation of the proportion.)

State Impact Aid State payments to school districts for pupils whose parents are employees and residents of certain state institutions; not required to be used to finance the district's Foundation Program (20-9-304).

Statement of Changes in Financial Position Basic financial statement (for proprietary funds, Nonexpendable Trust Funds), which presents information on the amount (but not necessarily the nature) of the sources and uses of an entity's cash or working capital during an accounting period in conformity with GAAP.

Statement of Financial Condition Statement which discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date properly classified to exhibit financial position of the fund or unit at that date. Note: If a single statement is prepared for several funds, it must be in columnar or sectional form as to exhibit the accounts of each fund. See Balance Sheet.

Statutory Pertaining to a legislative enactment; established by law.

Stores Goods on hand in warehouses and storerooms, subject to requisition.

Student - Full-Time An individual student enrolled full time in each of the prescribed count days for the school year. A full time student must be enrolled to attend school for a given number of hours each day: Kindergarten and preschool, 2 hours; Grade 1 through 3, 4 hours; Grades 4 through 12, 6 hours (20-1-302).

Subsidiary Accounts Related accounts which support in detail the summaries recorded in a controlling account.

Supply A material item of an expendable nature that is consumed, worn out, or deteriorated in use; or one that loses its identity through fabrication or incorporation into a different or more complex unit or substance. Instructional materials are not included here. Supplies are recorded as object 610 in the expenditure coding system.

Surety Bond Written promise to pay damages or indemnify against losses caused by the parties named in the document, through nonperformance or through defalcation; for example, a surety bond given a contractor or by an official handling cash or securities.

GLOSSARY (Cont'd)

Suspense Account Account which carries charges or credits temporarily pending the determination of the proper account or accounts to which they are to be posted.

Tax Rate Amount of tax stated in terms of a unit of the tax base; for example, \$1.75 per thousand dollars of assessed valuation.

Taxes Compulsory charges levied by a governmental unit to finance services performed for the common benefit. Does not include special assessments.

Taxes Receivable An asset representing the uncollected portion of taxes which a governmental unit has levied.

Textbooks Books obtained primarily for use in certain classes, grades or other particular student groups rather than for general school use.

Trade Discount An allowance, usually varying in percentage with volume of transactions, made to those engaged in certain businesses and allowable regardless of the time when the account is paid. The term should not be confused with "cash discount."

Trial Balance List of balances of accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a controlling account, the ledger from which the figures are taken is said to be in "balance."

Trust Funds Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The Endowment Fund (81) and Trust-Miscellaneous Fund (85) are trust funds. See Nonexpendable Trust Fund and Expendable Trust Fund.

Unamortized Discount on Bonds Payable Portion of the excess of the face value of bonds over the amount received from their sale which remains to be written off periodically over the life of the bonds.

Unamortized Premiums on Bonds Payable In an Enterprise Fund, the portion of the excess of bond proceeds over face value, which remains to be amortized over the remaining outstanding life of the bonds.

Unearned Revenue Receipts which may result in additions to revenues in future periods. Unearned revenue is recorded as a liability since the revenues are received before they become due.

Unencumbered Balance of Appropriation Portion of an appropriation or allotment not yet expended or encumbered; the balance remaining after deducting from the appropriation or allotment, the accumulated expenditures, and outstanding encumbrances.

Unexpended Balance of Appropriation Portion of an appropriation (budget) not yet expended; the balance remaining after deducting the accumulated expenditures from the appropriation.

Unliquidated Encumbrances Encumbrances outstanding. See also Encumbrances and Liquidation.

Unqualified Opinion An auditor's opinion which states that the basic financial statements of a specified entity are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). Fair presentation implies consistent accounting methods are used between years.

GLOSSARY (Cont'd)

Unreserved Fund Balance The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for that period.

Voluntary Consolidation and Annexation Incentive Plan State payments to the enlarged district for the eligible pupils of the smaller component district; not required to be used in the district's Foundation Program (20-6-401).

Voucher A document which authorizes the payment of money and indicates the accounts to be charged.

Vouchers Payable Liabilities for goods and services received as evidenced by vouchers which have been approved for payment but which have not been paid.

Warrant Written order drawn by the school board or its authorized officer directing the county treasurer to pay a specific amount to a designated payee.

Warrant Interest Interest expenditure on registered warrants.

Warrants Outstanding Total amount of unpaid warrants. Also referred to as warrants payable.

Withholding Process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the estimated federal or state income tax of the individual that the employer must pay to the taxing authority. See also Payroll Deductions and Taxes Payable.

Work order Written order authorizing and directing the performance of a certain task, issued to the person who is to direct the work. Information shown on the order includes the nature and location of the job, specifications of the work to be performed, and a job number which is referred to in reporting the amount of labor, material and equipment.

APPENDIX E

GASB—CLASSIFICATION OF CASH/INVESTMENTS ALLOWED BY MONTANA STATUTES (VALUATION UNDER GASB 31)

DESCRIPTION	LEGAL SOURCE	INTERNAL POOLS	EXTERNAL POOLS
Cash on Hand	N/A	Cost Based Measure	Cost Based Measure
Demand Deposits	Setion 7-6-205, MCA	Cost Based Measure	Cost Based Measure
Savings Deposits	Section 7-6-201(2), MCA	Cost Based Measure	Cost Based Measure
Negotiable Certificates Certificates of Deposit	Section 7-6-201(2), MCA	Fair Value (BASB 31 Para. 8)	Fair Value (GASB 31, Para. 8)
Non-Negotiable Certificates of Deposit	Section 7-6-201(2), MCA	Cost Based Measure	Cost Based Measure
Repurchase Agreements	Section 7-6-201(2) and 7-6-213, MCA	Cost Based Measure	Cost Based Measure
Reverse Repurchase Agreements	Section 7-6-201(2) and 7-6-213, MCA	Cost Based Measure	Cost Based Measure
U.S. Treasury Bills	Section 7-6-201(1)(a), MCA	Amortized cost (GASB 31, Para. 9)	Amortized Cost (GASB 31, Para. 9)
U.S. Treasury Notes	Section 7-6-202(1)(a), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31 Para. 7), (b) May report short-term debt invest- ments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
U.S. Treasury Bonds	Section 7-6-201(1)(a), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debe invest- ments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
State and Local Government Series (SLGS)	Section 7-6-202(1)(a), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or lett. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt invest- ments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)

Source: Department of Commerce,
Local Government Services

GASB—CLASSIFICATION OF CASH/INVESTMENTS
ALLOWED BY MONTANA STATUTES (VALUATION UNDER GASB 31)

DESCRIPTION	LEGAL SOURCE	INTERNAL POOLS	EXTERNAL POOLS
Separate Trading of Registered Interest & Principal of Securities (STRIPS)	Section 7-6-202(1)(a), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Interest Only STRIPS (IOS)	Section 7-6-202(1)(b), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Principal Only STRIPS (POS)	Section 7-6-202(1)(b), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Federal Home Loan Bank (FHLB)	Section 7-6-202(1)(c), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Federal National Mortgage Assoc. (FNMA) (Fannie Mae)	Section 7-6-202(1)(c), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)

Source: Department of Commerce,
Local Government Services

GASB—CLASSIFICATION OF CASH/INVESTMENTS
ALLOWED BY MONTANA STATUTES (VALUATION UNDER GASB 31)

DESCRIPTION	LEGAL SOURCE	INTERNAL POOLS	EXTERNAL POOLS
Federal Home Mortgage Corp. (FHLMC) (Freddie Mac)	Section 7-6-202(1)(c), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Federal Farm Credit Bank	Section 7-6-202(1)(c), MCA	(a) Fair Value (GASB 31, Para. 7), (b) May report at amortized cost if remaining maturity at purchase is 1 year or less. (GASB 31, Para. 9)	(a) Fair Value (GASB 31, Para. 7), (b) May report short-term debt investments with remaining maturity of up to 90 days at financial statement date amortized cost. (GASB 31, Para. 16)
Money Market Mutual Funds (Open End)	Section 7-6-202(3), MCA	Fair Value (current share price) (GASB 31, Para. 10)	Fair Value (current share price) (GASB 31, Para. 10)
Short-Term Investment Pool (STIP) (2a7 - LIKE)	Section 7-6-202(6), MCA	Share Price (GASB 31, Para. 12)	Share Price (GASB 31, Para. 12)
External Investment Pool (NON - 2a7 - LIKE)	N/A	Fair Value per share of pool's underlying portfolio (GASB 31, Para. 11)	Fair Value per share of pool's underlying portfolio (GASB 31, Para. 11)
External Investment Pool (2a7 - LIKE)	N/A	Share Price (GASB 31, Para. 12)	Fair Value (Share Price) (GASB, Para. 12)

Source: Department of Commerce,
Local Government Services

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